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S E C R E T SECTION 01 OF 02 SAN SALVADOR 002426

SIPDIS

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TAGS: [ECON](#) [PREL](#) [ETRD](#) [ETTC](#) [EINV](#) [ENRG](#) [EAGR](#) [EFIN](#) [PHUM](#) [EMIN](#) [CH](#) [ES](#) [ESENV](#)

SUBJECT: CHINESE ACTIVITIES IN EL SALVADOR

REF: A. SAN SALVADOR 2333

[B. STATE](#) 138041

[C. 04 SAN SALVADOR](#) 3103

Classified By: Michael A. Butler, DCM, U.S. Embassy San Salvador.

Reasons: 1.4 (B) and (D)

[11.](#) (U) The following is provided in response to Ref. B.

Summary

[12.](#) (C) El Salvador does not have diplomatic relations with China and instead has ties with Taiwan. As a result, official Salvadoran contact with the Chinese is limited. Trade and investment volumes are very low. However, the leftist FMLN political party does maintain direct contact with the Chinese and has hosted Chinese visitors on several occasions. Military to military contacts are nonexistent. Although there is some diversity of opinion among Salvadoran government officials regarding expanding the country's relationship with China, official recognition of Taiwan is likely to remain in place at least while President Saca is in office. End summary.

Economic relations weak

[13.](#) (U) According to Ministry of Economy data, El Salvador's total trade with China was valued at \$117.2 million in 2004. Of the \$3.6 million in exports from El Salvador to China, \$2.2 million were scrap metals and 0.5 million agricultural goods. Salvadoran imports of Chinese goods totaled \$113.6 million, including \$19.1 million in textiles and apparel, \$18 million in shoes, and \$7 million in audio/visual equipment. Detailed trade data for 2001-2004 is available at www.minec.gob.sv for download in spreadsheet format. There have been no discussions on trade agreements between El Salvador and China. There may be limited Chinese investment in El Salvador, but only indirectly through cross-ownership of Taiwanese firms by Chinese investors (Ref. A). The Chinese provide no development assistance to El Salvador.

Political relations through FMLN

[14.](#) (S) El Salvador does not maintain official political ties with the Chinese and instead maintains diplomatic relations with Taiwan (see Ref. A). However, from February 28 to March 2, 2005, a Chinese delegation headed by Vice President of the Institute of External Affairs Wang Zhen spent three days in El Salvador meeting with Salvadoran businessmen and leftist political leaders. SIMO reported that President Saca had authorized the visit at the behest of the FMLN, a leftist opposition party, which supports breaking ties with Taiwan and establishing relations with China. SIMO also reported that Saca prohibited members of the government from meeting with the delegation. However, Wang did meet with FMLN deputies. Wang told the media that diplomatic recognition would enhance commercial relations with China and made clear that such recognition would necessitate the severance of El Salvador's diplomatic ties with Taiwan. In keeping with El Salvador's historical position, President Saca publicly replied to the Chinese suggestion that it break ties with Taiwan by saying, "No country can place conditions on El Salvador's external relations . . . If Chinese investors want to invest in the country (El Salvador), then let them come, but we are going to continue to have relations with Taiwan."

[15.](#) (S) As noted above, the FMLN maintains a direct relationship with the Chinese, and were the FMLN to win the presidency, there is no doubt that El Salvador would cease to recognize Taiwan and would instead establish diplomatic relations with China. SIMO reported that in late June China opened a "Friendship House" in Quezaltepeque, an FMLN stronghold. The house is intended to support cultural exchanges between the people of El Salvador and China, but Salvadoran officials have expressed concern that it will be used for political purposes. SIMO reported that in early June 2005, the Chinese notified the FMLN that it was canceling a planned mid-June visit by a high-level FMLN delegation to China due to Beijing's displeasure with internal dissension within the FMLN that led to the resignation of 300 FMLN party loyalists. SIMO also reported that on December 12, 2004, a Chinese delegation headed by the Central Committee's Sub-Director for Latin America and the Caribbean met in San Salvador with representatives of the FMLN and leftist groups from Guatemala, Honduras, Nicaragua, and Mexico. On December 13, the delegation met with FMLN Mayor of San Salvador Carlos

Rivas Zamora.

No military relations

16. (S) DAO reports that the Salvadoran military has no relations with the Chinese and is not interested in establishing such a relationship. As noted in Ref. A, the Salvadorans maintain an extensive military relationship with Taiwan.

Comment: Future diplomatic relations unlikely under Saca

17. (C) We believe it unlikely that El Salvador will change policy and sever ties with Taiwan to establish them with China while Saca is President, given the Chinese support for the opposition party (Ref. C.). There is a belief among some that a more vibrant trade and investment relationship with China could bring benefits to the Salvadoran economy. Balanced against this potential, however, is the tangible aid and investment that Taiwan currently offers (Ref. A.). End comment.

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